

T-1294

C-IA-BIA-22-84

U.S. DEPARTMENT OF THE INTERIOR
OFFICE OF INSPECTOR GENERAL
AUDIT REPORT

REVIEW OF
INDIVIDUAL INDIAN MONEY ACCOUNTS
ADMINISTERED BY BUREAU OF INDIAN AFFAIRS'
ANADARKO AGENCY



This report may not be disclosed to anyone other than the auditee
except by the Assistant Inspector General for Administration,
Office of Inspector General, U.S. Department of the Interior,
Washington, D.C. 20240.

DOI SOL

MARCH 1985

DATE

3. VOLUNTARY DEPOSITS

The Anadarko Agency is maintaining an inordinate number of IIM accounts, which we consider to be voluntary deposits in nature. Not only are these voluntary deposits prohibited by regulation, but also Agency resources are being expended on the maintenance of these accounts, which could be more expeditiously used for the maintenance of its other required IIM accounts.

Regarding voluntary deposits, 25 CFR 115.6 states in part that: "As a general rule, voluntary deposits shall not be accepted. Indians who require banking service shall be encouraged to utilize commercial facilities. If in any case, it is determined that an exception to this prohibition should be made to avoid a substantial hardship, the facts in the case shall be considered...."

Tribal IIM Accounts. In February 1984, the Agency was maintaining 75 Tribal IIM accounts with respective balances totaling \$670,689. We reviewed the operations of 22 of these accounts. The total of the account balances of our sample amounted to \$643,551 or 95 percent of the dollar balance of all Tribal IIM accounts. We determined that all but 3 of the 22 accounts were actually voluntary deposits, and could, and should, be handled by commercial banking facilities.

Generally, the Tribal IIM accounts that we reviewed, although differing in their stated purposes, did have one similarity; they appeared to be maintained for the convenience of various Tribal organizations. For example, one account was for a Tribal hat factory, while another was a rental account handling rent, operation, and maintenance of the building the Agency was leasing from a Tribal organization. In another example, an account was established in 1980, ostensibly, for land acquisition. This account, with a balance of \$150,700 in February 1984, had the appearance of a savings account (very few disbursements with only one being made in fiscal year 1983). Other accounts were of a similar nature. In still another example, a Tribal land account had 588 disbursements made from it during FY 1983. The operation of this account, and many others, had more the appearance of a commercial checking account.

We did not take exception to any Tribal account if it was being used by BIA to disburse funds for various authorized purposes; e.g., judgment awards, federal management of Tribal real properties, etc. The use of IIM accounts for Tribal operations was discussed with cognizant Agency officials. They stated that many of these accounts had been in use for long periods of time and agreed that they were voluntary in nature. No justifiable reasons were given for the establishment of these accounts. We were also told that some Tribal IIM accounts were started because the Agency did not know what else to do with certain available funds. As previously stated, we consider these accounts to be substitutes for commercial bank accounts and the banks should be handling them.

Minors (Judgment Funds). Per capita shares of judgment funds for minors are required by 25 CFR 115.4 to be held until the minors reach 18 years of age. At that time, unless the minor is under legal disability, the minor is entitled to withdraw his/her judgment funds.

We selectively reviewed 113 per capita accounts and determined that 13 of these accounts with balances totaling \$5,375 still had funds (over \$10) on deposit at least 1 year after the minors had attained their majority. The largest account balance was \$2,920, and the oldest account holder was 25.

Individuals are not receiving judgment funds belonging to them primarily because they are not notified that they have funds on deposit. The Agency's policy regarding these accounts is to wait for the account holder to submit a written request before disbursing those funds. So, unless the account holder is aware of funds on deposit, which often is not the case, then the disbursement will never be made.

If those funds are not disbursed to those individuals who are entitled to them after they reach their majority, essentially, the funds then become voluntary deposits. As previously stated, this type of IIM account is prohibited.

Special Deposit Accounts. Special deposit accounts are authorized by 25 CFR 114 to be used for the temporary deposit of funds which cannot be

memorandum

DATE: DEC 27 1984

REPLY TO
ATTN OF: Deputy Assistant Secretary - Indian Affairs (Operations)

SUBJECT: Proposed Response to OIG Draft Audit Report "Review of Individual Indian Money Accounts Administered by Bureau of Indian Affairs' Anadarko Agency", Report No. C-IA-BIA-22-84

TO: Assistant Inspector General for Auditing

Reference is made to the above named audit report of which the Division of Management Research and Evaluation has requested a proposed response from the Anadarko Area Office.

The format of this response will address each of the 29 OIG programmatic recommendations on an individual basis. The following information is considered as responses to each:

A. SUPERVISED MINORS' ACCOUNTS

1. Recommendation: Strictly adhere to the requirements of 66 IAM when disbursing minors' funds.

Response: The Anadarko Agency has directed all persons responsible for disbursing funds from minors' accounts to adhere to the requirements of 66 IAM when such disbursements are made.

2. Recommendation: Finalize and issue the policy letter on minors' disbursements and ensure that all agency and tribal personnel involved with minors' disbursements adhere to that policy.

Response: The Anadarko Agency Superintendent has issued a policy on the disbursement of funds from minors' accounts. This policy, Anadarko Agency Supervised Account Procedures, and 66 IAM 6.0 have been given to all of the tribal contractors and personnel responsible for disbursements from minors' accounts. In addition, the Area Contracting Officer has been notified to incorporate these policies into each Social Services Contract with tribes.

B. SUPERVISED ADULTS' ACCOUNTS

3. Recommendation: Review all supervised adult accounts at least once a year to determine if the degree of supervision and the disbursements from the account are in the best interest of the client.

Response: Each case will be reviewed annually; however, in most instances, they are reviewed more often according to their needs and resources. Some individuals are required to be referred for public assistance when their funds are exhausted.

4. Recommendation: Ensure that the files of all supervised account holders indicate the reasons for the continuing supervision, and include documentation to show that the necessary planning has been accomplished to meet the financial needs of those respective individuals.

Response: In July, 1984 the Anadarko Agency supervised accounts were reviewed for proper documentation and were found to be in order. All contractors have been requested, in writing, to review their supervised accounts to substantiate the need for supervision and to validate that proper documentation is in the record.

C. VOLUNTARY DEPOSITS

5. Recommendation: Eliminate all unnecessary tribal accounts.
Response: A letter will be sent to all account holders, both tribal and individual, which have been determined to be voluntary in nature. Each tribe and/or individual will be informed as to the reason(s) for closing their account.

6. Recommendation: Initiate a procedure to review all minors' accounts on a semiannual basis, with the objective of eliminating the balances in these accounts once these individuals reach 18 years of age.

Response: These action(s) will be included in the procedures pertaining to Whereabouts Unknown, Unclaimed Moneys and Inactive Accounts.

7. Recommendation: Review those accounts being supervised by the Branch of Social Services and Superintendent and eliminate those accounts that are actually voluntary deposits, unless they can be substantially justified; e.g., for hardship.

Response: This recommendation is included in item 5 above.

8. Recommendation: Eliminate all unnecessary special deposit accounts, and, in particular, Sohio account.

Response: A memorandum dated October 30, 1984 to the Agency Realty Officer has been issued directing the Realty Office to close the Sohio Account, except for current leases being processed. All other special deposit accounts will be reviewed to determine actions on same.